

# SUSTAINABILITY REPORT

## OUR SUSTAINABILITY JOURNEY

### About BHG Retail REIT

Sponsored by a China-based Group, BHG Retail REIT (the "**REIT**") is Singapore's first pure-play China Retail REIT listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). [102-1]

The REIT is managed by BHG Retail Trust Management Pte. Ltd. (the "**Manager**"), an indirect wholly-owned subsidiary of Beijing Hualian Department Store Co., Ltd. (the "**Sponsor**"). The Sponsor and Beijing Hualian Hypermarket Co., Ltd. are part of Beijing Hualian Group Investment Holding Co., Ltd. ("**Beijing Hualian Group**"), one of China's largest retail enterprises with over 20 years of retail operating experience. [102-5]

The REIT Manager is based in Singapore. On the back of its astute investment focus, the REIT's portfolio comprised of six income-generating retail properties strategically situated in China's populated neighbourhoods. Of the six good quality properties, four are multi-tenanted, namely Beijing Wanliu, Chengdu Konggang, Hefei Mengchenglu and Hefei Changjiangxilu. The remaining two properties, Xining Huayuan and Dalian Jinsanjiao, are master-leased. Each of our multi-tenanted properties is billed as an upscale retail destination featuring a compelling mix of shopping, dining, educational and recreational establishments. [102-2][102-3][102-4][102-6][102-7]

We aspire to serve the community around us by continually improving on and delivering exceptional retail and lifestyle experiences. We focus on creating long-term value and pursuing sustainable growth by managing our diversified range of assets across the retail industry spectrum. Our vision and mission statements underpin this purpose. [102-16]

### Vision

A successful and sustainable real estate investment trust with a portfolio of quality, income-producing retail properties that are well-managed.

### Mission

To deliver regular and stable distributions to our Unitholders; creating value by enhancing our properties through asset management strategies; and expanding our portfolio through yield-accretive acquisitions, while working to contribute to the communities we operate in.

## BOARD STATEMENT

### Dear Stakeholders,

In the wake of the COVID-19 pandemic coupled with the deteriorating climate crisis, we reaffirm our commitment to pursue excellence, with a focus on our material environmental, social and governance ("**ESG**") topics that will positively impact the environment and the people we serve.

Under the Board's oversight, the REIT Manager team regularly reviews, monitors and manages sustainability risks and opportunities alongside enhancing our business practice sustainability performance and disclosure transparency. The Board has re-assessed the materiality of ESG issues, with one new ESG topic – "Emissions" added to the list of material topics in FY2021 to declare our commitment to act swiftly against the climate crisis.

For several years, we have been ramping up and communicating our performance through regular engagements and transparent disclosures. With our proactive efforts to build long-standing relationships with stakeholders, we are proud to announce that the REIT had been recognised with a Platinum award for 'Best Corporate Communications and Investor Relations' and a Silver award for 'Best Governed and Transparent Company' categories at The Global Good Governance Awards™ 2021.

The REIT recognises the potential widespread financial impacts of climate change to its business and operations. We have the responsibility to shoulder the burden that must now be borne. To prepare for the implementation of the new Guidelines on Environmental Risk Management (Asset Managers) issued by the Monetary Authority of Singapore (the "**MAS**"), the REIT has commenced a physical and transition risk screening exercise, started the identification of material business and financial impacts, and conducted a training session related to climate risk assessment to ensure a general understanding of climate risks across the REIT. The Board has committed to endorse the Task-Force on Climate-related Financial Disclosures (the "**TCFD**") recommendations and plans to disclose relevant information in its subsequent Sustainability Report.

Without letting our guard down against the unprecedented challenges, we firmly hold on to our sustainability direction to pursue our

goal of sustainability excellence. On behalf of the Board and the REIT Manager team, we would like to express our gratitude to stakeholders for supporting us along our sustainability journey. Our sustainability achievements and progress in FY2021 are proudly presented in this report. We believe that by doing the right thing, we are able to secure a sustainable future for all. [102-14]

### ABOUT THIS REPORT

This sustainability report ("**Report**") has been prepared in accordance with the Core option and G4 Construction and Real Estate Sector Disclosures of Global Reporting Initiative ("**GRI**") Sustainability Report Standards – an internationally recognised standard for reporting of ESG issues. This report also complies with SGX-ST Listing Rules 711A and 711B. [102-54]

Here, the REIT presents its fifth sustainability report for the financial year ended 31 December 2021 ("**FY 2021**"). This report has been reviewed and approved by the Board of Directors (the "**Board**" or "**Director**") to ensure all material ESG topics were covered and addressed. With its inaugural sustainability report published in 2018 for the financial year ending 31 December 2017, the REIT intends to continue disclosing our sustainability performance and progress every year. Please visit the REIT Website for our previous reports and performance. [102-32][102-51][102-52]

### Reporting Scope and Period

The report's scope covers the REIT's sustainability strategies, initiatives and performance for FY2021. All data performance and initiatives stated are from 1 January 2021 to 31 December 2021, unless stated otherwise. This report addresses the ESG issues and topics that are material and pertinent to our business and operations, as determined by a comprehensive materiality assessment. [102-50]

The sustainability elements and relevant datapoints of our operations in Singapore and four multi-tenanted malls in China, Beijing Wanliu, Chengdu Konggang, Hefei Mengchenglu and Hefei Changjiangxilu, are disclosed in this report. Two other master-leased properties, namely Dalian Jinsanjiao and Xining Huayuan, are not included in the reporting scope. As we operate as a REIT, all employee-related performance is made with reference to

the performance and responsibilities of the REIT Manager. [102-50]

### Reporting Principle

The report content follows the four reporting principles as guidance in the GRI Standards: [102-46][102-54]

- **Stakeholder Inclusiveness** – Stakeholders' interest and expectations received in stakeholder engagement contributing to the development of the report.
- **Sustainability Context** – Our business operations and performance were presented in the context of ESG landscape requirements at the local, regional and global level.
- **Materiality** – The material ESG topics prioritised in this report were relevant and significant to our business and influence on our stakeholders' decisions.
- **Completeness** – This report encompassed the material ESG topics and respective boundaries, within the reporting period.

### External Assurance

We have not sought external assurance for this reporting period. Nevertheless, we are committed to continuously improve the credibility and transparency of our sustainability disclosures, and having our report verified by an independent third-party in the near future. [102-56]

### Report Queries and Feedback

Our report constitutes a channel to communicate the REIT's sustainability commitment and performance. In search of room for continual growth and improvement, we value and welcome any feedback about this report. For questions or to deliver a feedback, please contact: [102-53]

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Sustainability Officer

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# SUSTAINABILITY REPORT

## OUR SUSTAINABILITY APPROACH

### Sustainability Governance

At the REIT, our commitment to sustainability is envisaged to enhance sustainable growth and create shared value for all our stakeholders. As part of our sustainability efforts, we incorporated relevant ESG practices and risk management procedures into our business, enabling us to mitigate sustainability-related risk in our operations, and capitalise on opportunities.

Recognising sustainability issues as a business imperative, our Board is entrusted with overall responsibility for the oversight of sustainability performance of the REIT. The Board is also responsible for prioritising sustainability in the REIT's strategic business direction and risk management. As part of the overall strategy to ensure that the best interests of the REIT are served, the Manager takes an inclusive approach to embed the key ESG principles in the REIT's business strategies and operations. To ensure proper accountability within the Manager, the Board discusses with the management ("**Management**") on ESG issues and material topics during regular Board meetings and Board Committee meetings. [\[102-18\]](#)[\[102-26\]](#)

Apart from sustainability matters that specifically require the Board's approval, the Board delegates authority to individual committees and Management to supervise sustainability matters. With robust Board oversight, the Chief Executive Officer ("**CEO**") and Sustainability Officer are collectively charged with managing the sustainability outlook of the REIT to deliver on its sustainability commitment. [\[102-18\]](#)[\[102-19\]](#)[\[102-20\]](#)

Under its corporate governance structure, the REIT Manager has the Audit and Risk Committee (the "**ARC**") and the Nominating & Remuneration Committee (the "**NRC**") (collectively, the "**Board Committees**") in place to facilitate proper discharge of the Board's duty and functions.

In response to the changing economic and regulatory landscape, the Manager has a well-maintained Enterprise Risk Management ("**ERM**") Framework and a Business Continuity Plan ("**BCP**") to build resilience, control and mitigate the risks of material ESG factors in

the REIT's business and operational activities. This is supplemented by an internal audit function that is outsourced to an independent external service provider to provide an added level of assurance. [\[102-18\]](#)[\[102-20\]](#)[\[102-30\]](#)

Strengthening board diversity can make the REIT more agile and resilient. The NRC upholds the Board Diversity Policy to foster an inclusive and diverse culture that encourages perspectives and experiences that will ultimately strengthen decision-making. The policy endorses the principle that the Board should embrace a suitable balance and diversification of experience, skills, knowledge, gender, age, perspectives, qualifications, and other attributes including considering potential conflicts of interest in the relevant areas among the Directors. The NRC assesses the Board and Board Committee's performance annually based on a performance assessment checklist, and reviews the Board composition and succession planning with consideration on all aspects of diversity. [\[102-18\]](#)[\[102-20\]](#)[\[102-28\]](#)

In considering and balancing the needs and interests of material stakeholders, the Manager's Investor Relations ("**IR**") function is tasked with building and managing the REIT's relationships with material stakeholder groups. With our close communication and engagement with the REIT's stakeholders, their feedback on the sustainability topics relevant to the REIT's business and operations are collected and taken into account in our strategic formulation. Please refer to IR section of this annual report for more details about the various engagement activities organised by IR. [\[102-11\]](#)[\[102-29\]](#)

Management regularly reviews sustainability risks and opportunities alongside enhancing our business practice sustainability performance and disclosure transparency. In recognition of our efforts, the REIT received two prestigious awards at The Global Good Governance Awards™ 2021 – a Platinum award for the 'Best Corporate Communications and Investor Relations' and a Silver award for the 'Best Governed and Transparent Company' categories. [\[102-18\]](#)[\[102-20\]](#)

The Board is confident that the Directors act in good faith and exercise due diligence and care in the discharge of their duties. Please refer to Corporate Governance section of this





annual report for more details about corporate governance practices at the REIT. [\[102-22\]](#) [\[102-23\]](#)[\[102-24\]](#)[\[102-25\]](#)[\[102-29\]](#)

### Business Ethics

Business ethics is integral to the REIT's success. We work alongside our employees, vendors, suppliers, third-party service providers and other business partners to uphold sustainable and ethical practices along our value chain. Guided by a Code of Conduct and Ethics, overseen by the Board and Management, every stakeholder of the REIT conducting business with us is expected to, among other things, adhere to the highest standards of ethical conduct. [\[102-11\]](#)

The Board keeps the Manager accountable in complying with applicable laws and regulations of all the jurisdictions in which we operate. An internal set of policies is in place for employees to comply and are enforced to prevent any incidences of non-compliance. Our employees attend compliance training sessions and briefings, supplemented by explicit communication materials, to raise awareness on our compliance policies and procedures. [\[102-11\]](#)

Apart from developing standards of conduct, we strive to influence the adoption of sustainable best practices within the industries and supply chain. We foster ongoing and active collaboration with suppliers and other business partners to create win-win benefits for all involved parties. Due diligence checks and risk assessments were carried out in accordance with MAS Guidelines, to ensure an

appropriate level of oversight over our supply chain. During the reporting year, there were no significant changes to our supply chain, including supply chain structure, nature and location of operations, location of suppliers, or share capital structure. [\[102-9\]](#)[\[102-10\]](#)

The Manager does not tolerate any wrongful act, impropriety, or statutory non-compliance by its employees, officers or directors. Employees or external parties may, in confidence and without fear of reprisal, safely raise any concerns about probable or actual improprieties relating to the REIT in good faith. The Manager takes every effort to ensure the identity of the whistleblower is kept confidential, in accordance with the Whistleblowing Policy and arrangements that are put in place. Please refer to Corporate Governance section of this Annual Report and the REIT Website for more details about our Whistleblowing Policy. [\[102-17\]](#)[\[102-33\]](#)







### Supporting United Nations Sustainability Development Goals

As part of an international sustainable development agenda, the United Nations Sustainable Development Goals (the "UN SDGs") aim to end poverty, protect the planet, and ensure that by 2030, all people enjoy peace and prosperity.

Over the years, the REIT has advocated for and supported the increased efforts in championing the UN SDGs. By embedding the six UN SDGs in our sustainability efforts, we hope to create and accelerate a lasting positive environmental and social impact on the communities we serve and the world. [\[102-12\]](#)



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UN SDGs	Description	Our Sustainability Efforts
	<b>Goal 3: Good Health and Well Being</b> Ensure healthy lives and promote well-being for all at all ages	<ul style="list-style-type: none"> <li>Community outreach initiatives such as mall events, charity events and contributions to community centres and local service personnel</li> </ul>
	<b>Goal 4: Training and Education</b> Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all	<ul style="list-style-type: none"> <li>Learning and development opportunities to empower employees and to build human capital</li> <li>Regular employee performance reviews to support employee career development</li> </ul>
	<b>Goal 6: Clean Water and Sanitation</b> Ensure availability and sustainable management of water and sanitation for all	<ul style="list-style-type: none"> <li>Water conservation efforts carried out across all malls to reduce water consumption and to encourage the increased use of treated and recycled water sources</li> </ul>
	<b>Goal 7: Affordable and Clean Energy</b> Ensure access to affordable, reliable, sustainable, and modern energy for all	<ul style="list-style-type: none"> <li>Energy Savings Plans carried out across all malls in China to increase energy efficiency and reduce carbon emission</li> </ul>
	<b>Goal 8: Decent Work and Economic Growth</b> Promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all	<ul style="list-style-type: none"> <li>To empower the local workforce, all REIT Manager's Senior Management are employed from the local community in Singapore</li> </ul>
	<b>Goal 10: Reduced Inequalities</b> Reduce inequality within and among countries	<ul style="list-style-type: none"> <li>BHG Retail REIT ensures equal opportunity and access to learning and development, by gender and by career level</li> </ul>

## External Charters and Principles






As an entity regulated by the Securities and Futures Act 2001 (the "SFA"), the Code on Collective Investment Schemes (the "CIS Code"), the Listing Manual of SGX-ST, and other relevant regulations, the Manager is responsible for maintaining good corporate governance practices that are aligned with the Code of Corporate Governance 2018. The Manager puts in place a set of internal controls as part of our efforts to ensure that our operations and business practices remain in compliance with prevailing regulations, notices, circulars, and guidelines issued by MAS.

Currently, the REIT is a member of the Singapore Business Federation; the REIT's Management is a member of the Investor Relations Professionals Association (Singapore). [\[102-12\]](#)[\[102-13\]](#)

## Stakeholder Engagement

Together with our stakeholders, with whom we maintain mutually beneficial relationships, we strive to promote long-term success and sustainable growth. We understand the expectations and interests of our stakeholders by fostering stakeholder engagements. This allows us to offer an exceptional customer experience, build trust with our customers and the communities we serve – and thereby facilitate the route to sustainable development of the REIT.

Since 2017, we have identified and liaised with key stakeholders, whom we believe are significant to our business and operations. Through various transparent communication channels, top sustainability concerns have been identified and have guided our actions in driving sustainable development. The table below summarises our relationship and communications with the key stakeholders during the reporting year: [\[102-29\]](#)[\[102-40\]](#)[\[102-42\]](#)[\[102-43\]](#)[\[102-44\]](#)

Stakeholders	Mode of Engagement	Frequency of Engagement	Top Sustainability Concerns/Issues
 Investors	Annual General Meeting	At least once per year	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Anti-corruption</li> <li>• Customer health and safety</li> </ul>
	Analyst Meeting	At least once per year	
 Suppliers	Supplier performance feedback	Periodically	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Procurement practices</li> <li>• Customer privacy</li> </ul>
 Regulators	Electronic communications	Periodically	<ul style="list-style-type: none"> <li>• Market presence</li> <li>• Training and education</li> <li>• Anti-corruption</li> <li>• Compliance</li> <li>• Customer privacy</li> </ul>
 Management	Board meeting	Periodically	<ul style="list-style-type: none"> <li>• Economic performance</li> <li>• Employment</li> <li>• Training and education</li> <li>• Compliance</li> </ul>
	Management meeting	Periodically	
 Employees	Performance appraisal	At least once per year	<ul style="list-style-type: none"> <li>• Occupational health and safety</li> <li>• Training and education</li> <li>• Equal remuneration for women and men</li> </ul>
	Staff meetings	Monthly	
	One-to-one engagements	At least once per year	

**Materiality Assessment**

In our continuous efforts to manage material ESG risks and opportunities, we conduct materiality assessments to review and refresh our material ESG topics whenever necessary. This year, we took the three-step approach to re-evaluate the relevance and potential impact of last year’s material ESG topics. [\[102-29\]](#)[\[102-31\]](#)

Upon review, all material ESG topics on the list disclosed in the Sustainability Report 2020 remained relevant for 2021 and an additional ESG topic – “Emissions” has been added as one of this year’s material topics. The following are the ESG topics and sub-topics, along with their consequent impacts, identified as material for disclosure in this Report. [\[102-46\]](#)[\[102-47\]](#)[\[103-1\]](#)



# SUSTAINABILITY REPORT



**01**

### REFRESHMENT OF MATERIALITY MATRIX

We re-evaluated the relevance of material ESG topics against business operations.




**DISCUSSION**

### INTERNAL DISCUSSIONS

We organised numerous rounds of review with the participation from management, non-management employees, and employees who were proxy to our key stakeholders to discuss on ESG factors relevant to the REIT's business and operations.




**02**



**03**

### MANAGEMENT REVIEW

Based on results derived from the refreshment of materiality matrix and internal discussions, Management prioritised and classified ESG factors into a list of material ESG topics. Thereafter, the list with its corresponding economic, environmental and social impacts was finalised and approved by Management.

Category	Topic	Disclosure Sub-topic	Impact
 Economic	Economic Performance	GRI 201-1: Direct economic value generated and distributed.	Within the organisation
	Market Presence	GRI 202-2: Proportion of senior management hired from the local community.	Within the organisation
 Environment	Energy	GRI 302-1: Energy consumption within the organization.	Within the organisation
		GRI 302-3: Energy intensity.	Within the organisation
	Water	GRI 303-1: Water withdrawal by source.	Within the organisation
		GRI 303-5: Water consumption.	Within the organisation
		G4 CRE2: Building water intensity.	Within the organisation
Emission	GRI 305-2: Energy indirect (Scope 2) GHG emissions.	Within the organisation	
 Social	Training and Education	GRI 404-1: Average hours of training per year per employee.	Within the organisation
		GRI 404-3: Percentage of employees receiving regular performance and career development reviews, by gender and by employee category.	Within the organisation
	Local Communities	GRI 413-1: Operations with local community engagement, impact assessments, and development programmes.	Outside the organisation

## OUR ENVIRONMENTAL COMMITMENT

The REIT is cognisant of climate impact from its real estate portfolios. We acknowledge that properties in our portfolio consuming extensive energy and water account for impact on the climate. The physical and transition climate risks, brought about by extreme weather events and limited natural resources, are long-term threats to our business resilience and ability to adapt to a changing environment. [103-1]

Adhering to our vision and mission, we endeavor to put into practice measures of environmental stewardship, through implementing a range of emissions, energy and water reduction initiatives in our multi-tenanted malls. This will enable us to address and avoid detrimental impacts on the REIT's business and operation. [103-1]

### Route to Disclosure of Climate-related Risks

In FY2021, we have started to perform physical and transition risk screening and identify material business and financial impacts for the REIT's assets. We have also conducted an externally-facilitated climate risk assessment workshop to prioritise the most material business and financial impacts. We have started the process to conduct scenario analysis to assess the impacts on our portfolio assets and a training session has been conducted for the REIT Manager team on climate risk assessment. We are on track to implement the MAS Guidelines on Environmental Risk Management (Asset Managers), issued in December 2020, within the transition period of 18 months. The REIT will disclose information on climate-related risks in its Sustainability Report 2022, in alignment with recognised international reporting frameworks such as the TCFD recommendations by the Financial Stability Board. [103-2]

### Emission and Energy

A significant amount of electricity is spent through air-conditioning and chilling water, contributing to energy consumption and the indirect emission of green house gases ("GHG"). To this end, having our Energy Savings Plans launched across our malls, we continue to identify deficiencies and seek breakthroughs in energy management and efficiency. At each mall, our Engineering Management Teams and



In FY2021, BHG Retail REIT's four multi-tenanted malls recorded a total energy intensity of **0.06 MWh/m<sup>2</sup>**

Inspection Teams are responsible for regular inspections, ensuring energy saving initiatives and practices remain effective and consistent with its plan to minimise energy waste and save operating costs substantially. Alongside this, we also trained our staff as a gesture to raise awareness of a group wide energy conservation effort. [103-1][103-2]

Leveraging on innovative technology to improve energy management, we installed sound and motion sensor-based lights and timing-controlled lights and elevators around the malls to reduce energy usage when facilities are not in use. Air-conditioning systems for a given set of operating conditions are frequently readjusted and optimised based on actual weather conditions and temperature. For instance, the performance of air-conditioning systems would only be allowed to push up against its limits during the hottest period of the day, in the summer. [103-2]



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Aside from energy management initiatives, we have also tapped on energy efficiency initiatives. We have replaced the light bulbs in the mall premises with energy efficient light-emitting diode (“**LED**”) lights. We also installed air curtains, strip curtains and sunshades to dissipate excess heat in malls so that the mall interior can remain cool without having a high air conditioning system output. Controls over energy leakage were enhanced in the malls by scheduling regular inspections, cleaning, replacement and maintenance of chillers, cooling towers, air-conditioning units, and panels. [103-2]

Over the years, leveraging on our continuous enhancements in energy management and energy efficiency, our energy and indirect GHG emission intensity (Scope 2) in comparison to 2018<sup>1</sup> level have gradually reduced by 17.9%. Moving forward, with an aim to reduce our environmental footprint, we will continue to exercise strong environmental stewardship through tracking, analysing and monitoring our energy consumption against targets. In the long run, we will also embark on innovative solutions for our retail properties that help to contribute to reduced emissions. [103-3]

Emission and Energy Performance <sup>2</sup>	Unit	Total of Four Multi-tenanted Malls
Floor Space	m <sup>2</sup>	275,539
Energy Consumption <sup>3</sup> [302-1]	MWh	18,073
Energy Intensity <sup>4</sup> [302-3]	MWh/ m <sup>2</sup>	0.06
Indirect GHG Emission (Scope 2) <sup>5,6,7,8</sup> [305-2]	tCO <sub>2</sub> e	11,026
Indirect GHG Emission Intensity (Scope 2) <sup>9</sup> [305-2]	tCO <sub>2</sub> e/ m <sup>2</sup>	0.04

- 1 The data scope of energy and indirect GHG emission intensity (Scope 2) in FY2018 includes 3 multi-tenanted malls located in China, namely Beijing Wanliu, Chengdu Konggang and Hefei Mengchenglu.
- 2 The scope of environmental data in FY2021 includes 4 multi-tenanted malls located in China, namely Beijing Wanliu, Chengdu Konggang, Hefei Changjiangxilu and Hefei Mengchenglu. The scope excludes REIT Manager’s office in Singapore as its environmental impact was not significant.
- 3 The data refers to electricity consumption of common area and air conditioning system in shopping malls.
- 4 Energy intensity is calculated by taking the ratio of energy consumption measured in MWh against specific metric – floor space measured in m<sup>2</sup>.
- 5 The indirect GHG emissions (Scope 2) reported in the table are based on World Resources Institute’s reporting principles outlined in the ‘GHG Protocol Scope 2 Guidance (the “**GHG Protocol**”)
- 6 As the REIT’s multi-tenanted malls are located in China, the equivalent CO<sub>2</sub> emissions for electricity use are calculated based on the updated regional average GHG emissions intensity of power grids from the Ministry of Ecology and Environment of the People’s Republic of China for the relevant time period and from China.
- 7 Indirect GHG emissions (Scope 2) are reported using a location-based method in accordance with the GHG Protocol.
- 8 The equivalent CO<sub>2</sub> emissions for electricity use is calculated by multiplying the quantity of purchased electricity by China’s regional grid-average emission factor – 0.6101 tCO<sub>2</sub>/MWh.
- 9 Emissions Intensity is calculated by taking the ratio of indirect GHG emissions (Scope 2) measured in tCO<sub>2</sub>e against specific metric – floor space measured in m<sup>2</sup>.

**Water**

The intensification of climate change, coupled with increasing demand for water has led to acute water shortages around the world. Our reliance on water resources shall never drive us away from our responsibilities to address water security risks. [103-1]

Over the years, we have implemented initiatives to manage water resources efficiently, reduce unnecessary water usage, thereby reducing our operating costs. Water conservation initiatives range from the installation of water-efficient flushing cistern and motion sensor water faucets, to the reduction of tap water flow rate, minimising our water wastage. In the long run, our source of water will be shifted towards treated or recycled water sources to aid in remedying the shortage of water. [103-2]

Our team closely monitors water consumption against internal targets. With our endeavors to manage our water resources efficiently, water consumption intensity has been reduced by 12.4%, from the 2018<sup>1</sup> base year. [103-3]



In FY2021, BHG Retail REIT's four multi-tenanted malls recorded a total water consumption intensity of **0.71 m<sup>3</sup>/m<sup>2</sup>**

In future, we will remain committed to promote effective water resources management and reduce water consumption in our daily operations.

Water Performance <sup>1</sup>	Unit	Total of Four Multi-tenanted Malls
Water Withdrawal / Consumption <sup>2345</sup> [303-1][303-5]	m <sup>3</sup>	194,638
Water Consumption Intensity <sup>6</sup> [CRE2]	m <sup>3</sup> /m <sup>2</sup>	0.71

- The data scope of water consumption intensity in FY2018 includes 3 multi-tenanted malls located in China, namely Beijing Wanliu, Chengdu Konggang and Hefei Mengchenglu.
- The water consumption reported in the table are based on the Guidance for Disclosure from GRI Standards.
- Except Beijing Wanliu, other multi-tenanted malls are not located in areas with water stress, according to the World Resources Institute 'Aqueduct Water Risk Atlas'.
- All potable water withdrawn from municipal third-party water supplies and recycled water. Water withdrawal from such is categorised as freshwater, there is no water withdrawal from other water source.
- Water consumption is measured by taking the difference between total water withdrawal measured in m<sup>3</sup> and total water discharge measured in m<sup>3</sup>. Per business nature, total water withdrawal from freshwater was fully consumed in FY2021.
- Water consumption intensity is calculated by taking the ratio of water consumption measured in m<sup>3</sup> against specific metric – floor space measured in m<sup>2</sup>. For details of floor space, please refer to emission and energy performance table.



# SUSTAINABILITY REPORT

## Our People Management

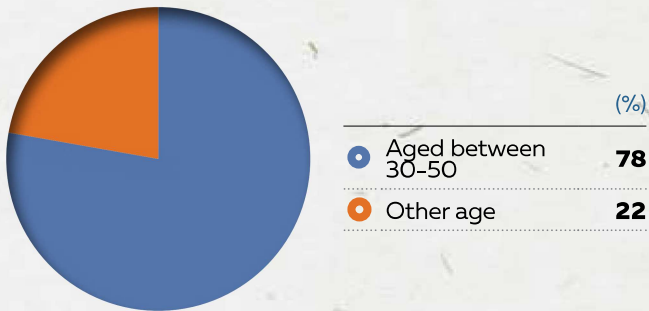
Employees are our greatest assets. We strive to shape a conducive and healthy workplace culture. We are committed to providing equal opportunities and does not condone discriminatory practices. Our Human Resources function (“HR”) is responsible for managing human resources and capitalising on our employees’ talents. We communicate our expectations on our employees’ work ethics and standards through the Staff Handbook, the Code of Conduct and Ethics, as well as the Company’s policies and procedures. [103-1] [103-2]

By supporting the local workforce, we strive to maintain a positive market presence and enhance human capital. We are proud to share that all senior management are hired from the Singapore local community. [103-3][202-2]



## TOTAL WORKFORCE [103-3]

### BY AGE GROUP



We achieved a **100% rate** of conducting career development and performance reviews for all employees in FY 2021.

## Employee Training, Career Development and Reviews

Today’s evolving business environment and regulatory landscape remind us to be more proactive in keeping employees abreast of recent industry trends through training and development. We have an internal talent management process in place to assess and develop our employees’ strengths and potentials, as well as catering resources for regular training, career development and performance reviews. [103-1][103-2]

To assist our employees with their personal development and career advancement, we ensure that all employees are provided with mobility and career development opportunities. Guided by our HR processes, we conducted annual performance appraisal exercises for all employees based on merit, providing them with valuable feedback for personal and career advancement. We achieved a 100% rate of conducting career development and performance reviews for all our employees during the reporting period. [103-2][103-3][404-3]

Aiming to achieve a competitive edge, HR has a process in place to identify employees' developmental needs and career objectives, and recommend the relevant training to raise employees' skills and knowledge level that would be useful for their position. Employees also took their own initiative, with Management's support, to sign up for external conferences and update sessions on industry and market developments. We administered internal refresher courses on compliance and regulatory requirements to ensure all employees remain informed and aware of the latest policy updates that were made, in order to mitigate risk of potential compliance breaches. [103-2][102-8]

Apart from internal compliance training, we engaged subject matter experts and professionals to conduct topic-specific training such as training sessions on climate risk assessment and a REIT-specific Rules and Ethics course that were organised this year for management and employees. As part of our efforts for building team capacity, a total of 440 training hours undertaken by employees was recorded during the reporting year. [102-27][103-2][103-3][404-1]

In future, the REIT will continue to take a non-discriminatory approach in order to provide all employees with equal and extensive training and development opportunities, as well as reviewing all employees' performance based on merit on a regular basis.

<b>Average Training Hours By Gender and Employee Category [404-1]</b>	<b>Hours</b>
<b>Management</b>	71
<b>Non-management</b>	50
<b>Male</b>	55
<b>Female</b>	53



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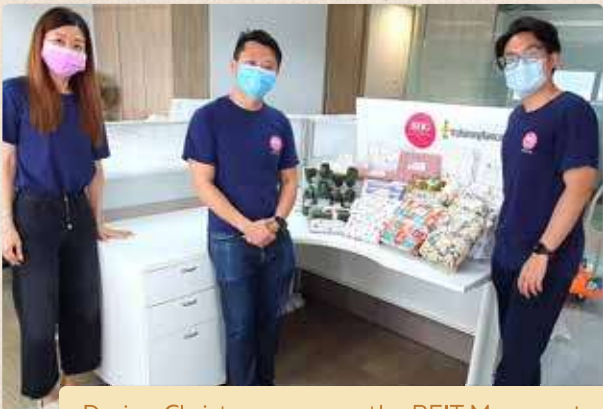
## OUR COMMUNITY INVESTMENT

The REIT does not set itself apart from its surrounding communities. To bring lasting benefits to communities, the REIT has been focusing on cultivating cultural and social inclusivity through active community engagements in recent years. The REIT’s retail properties situated in densely populated areas, are designed as lifestyle destinations with the drive and heart to enhance the living quality of each surrounding community. In future community engagements, we will continue to place an emphasis on strengthening social inclusivity and cultural ties within neighbourhoods, and strive to continually adapt to the changing needs through community investment and engagement. [102-1][102-2][102-3][413-1]

### COMMUNITY ENGAGEMENT

## REIT Manager in Singapore

**This year, the REIT Manager team participated in a community activity held in partnership with ItsRainingRaincoats (IRR). IRR is an initiative for the benefit of migrant workers, aiming to improve their lives in Singapore, and build bridges to strengthen their integration into our broader community.**



During Christmas season, the REIT Manager team has participated in the Christmas Giving Event. Our team spent time to gift-wrap thoughtful Christmas gifts which were then handed to IRR’s volunteers for distribution to the beneficiaries.



This Christmas Giving Event was held in conjunction with IRR’s Singapore Flyer Event. Our team is glad to have contributed to this good cause.



## Beijing Wanliu

Spending special and quality time with a child is essential. To this end, Beijing Wanliu has organised some interactive family bonding activities for members that bring families together throughout the year.



During several festivals occurring throughout the year, our members brought their children along to our member-exclusive festive activities such as hands-on mooncake making, Do-It-Yourself ("DIY") lantern and DIY lion dance head.



We have also held regular art workshops for members to foster parent-child relationship, ranging from DIY terrarium, DIY bucket bag, ukulele painting, shoe painting, to wood modelling.



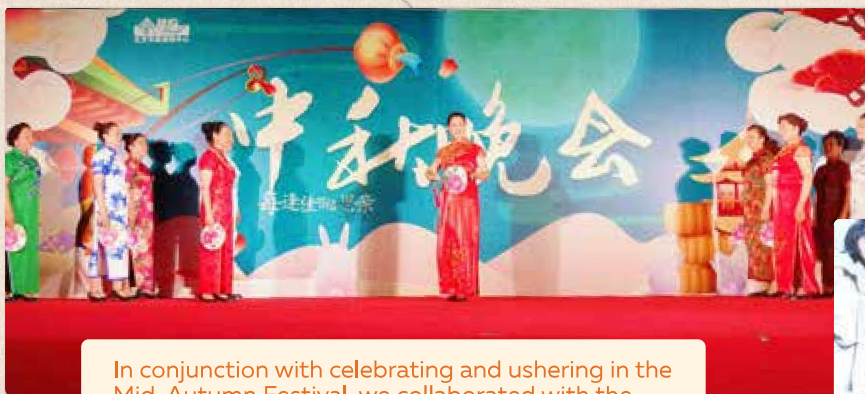
# SUSTAINABILITY REPORT

## Chengdu Konggang

This year, Chengdu Konggang featured a range of events, exhibitions, plays and cultural performances, bringing the community members together to interact and create social cohesion.



Movie viewing, exhibitions and dance performances were held at a time of national celebration to echo the community's call for national unity and to spread positive energy amongst the community.

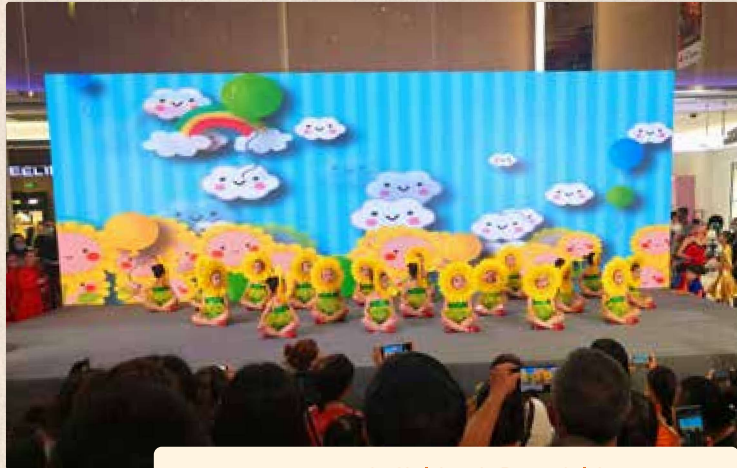


In conjunction with celebrating and ushering in the Mid-Autumn Festival, we collaborated with the neighbouring cultural groups to entertain the community members with a variety of cultural performances.



During the Christmas period, all second-hand clothes collected in our mall were handed to "Santa" for distribution and sending warmth to the needy during this special season.





In conjunction with Children's Day, children were invited to showcase their talents on stage in the mall. Audiences were delighted by the children's performances and their applause lasted throughout the entire performance.



In our "BHG Mall Family Day Event", families within the community were invited to participate in our parent-child activities. Through this, they nurtured and deepened their parent-child bond.



Partnering with a local pet adoption centre, we held an awareness-raising pet adoption day in the mall to encourage the public to show their care for pets and animals.



Advocating a healthy lifestyle, we partnered with different organisations to carry out free health screening services for our community members.



# SUSTAINABILITY REPORT

## Hefei Changjiangxilu

Keeping in line with the REIT’s focus on cultivating cultural and social inclusivity, Hefei Changjiangxilu offered a variety of community and public welfare activities and cultural performances in 2021.



We collaborated with supermarkets in the mall to offer pocket-friendly group purchases to our neighbourhoods. Community members joining the events enjoyed special discounts for featured products.



Together with the community centres, we engaged a group of volunteers to clear the pavements, provide free haircuts, and clean curtains and utensils collected from nearby residents.



We have reached out to the communities through philanthropy. We expressed our gratitude to front-line firefighters and policemen by way of donation of essential supplies to them.







This summer, community members were engaged through interactive board game sessions organised by us and the community centres. Joy and laughter filled the mall.



In a joint effort with Qilitang community group, we held a community art show in the mall to connect neighbours and cultivate goodwill among the community members.



Throughout the year, there were awareness-raising and educational campaigns held in the mall. With support from the local government and non-profit organisations, the public was educated in areas such as health and fitness as well as supporting pet adoption.



# SUSTAINABILITY REPORT

## Hefei Mengchenglu

This year, with generous support and unwavering commitment from volunteers, we reached out and gave back to the communities.



Throughout the year, our community outreach activities have extended deeply into different neighbourhoods. In each community outreach, we partnered with local community centres to distribute essentials and offer a helping hand to residents such as assisting with window replacement and delivery of fresh eggs to the residents.



On Army Day in August 2021, we visited civil servants with tributes to thank them for their service to the communities.

## GRI CONTENT INDEX

### GENERAL DISCLOSURES [102-55]

Index	GRI Disclosure	Page Number(s)	Remark(s)
<b>ORGANISATIONAL PROFILE</b>			
102-1	Name of the organisation	78	-
102-2	Activities, brands, products, and services	78	-
102-3	Location of headquarters	78	-
102-4	Location of operations	78	-
102-5	Ownership and legal form	78	-
102-6	Markets served	78	-
102-7	Scale of the organisation	78	-
102-8	Information on employees and other workers	89	Workforce by age group in percentage is disclosed.
102-9	Supply chain	81	-
102-10	Significant changes to the organisation and its supply chain	81	-
102-11	Precautionary Principle or approach	80	-
102-12	External initiatives	81-82	-
102-13	Membership of associations	82	-
<b>STRATEGY</b>			
102-14	Statement from senior decision-maker	78-79	-
102-15	Key impacts, risks, and opportunities	23-24, 80, 83	-
<b>ETHICS AND INTEGRITY</b>			
102-16	Values, principles, standards, and norms of behaviour	78	-
102-17	Mechanisms for advice and concerns about ethics	81	-
<b>GOVERNANCE</b>			
102-18	Governance structure	16, 80	Further details on organisation structure section.
102-19	Delegating authority	80	-
102-20	Executive-level responsibility for economic, environmental, and social topics	80	-
102-21	Consulting stakeholders on economic, environmental, and social topics	45	Further details on corporate governance section.
102-22	Composition of the highest governance body and its committees	26-42, 80-81	Further details on corporate governance section.



# SUSTAINABILITY REPORT

Index	GRI Disclosure	Page Number(s)	Remark(s)
<b>GOVERNANCE (CONT'D)</b>			
102-23	Chair of the highest governance body	26-42, 80-81	Further details on corporate governance section.
102-24	Nominating and selecting the highest governance body	28-33, 80-81	Further details on corporate governance section.
102-25	Conflicts of interest	45-46, 80-81	Further details on corporate governance section.
102-26	Role of highest governance body in setting purpose, values, and strategy	26-28, 80	Further details on corporate governance section.
102-27	Collective knowledge of highest governance body	89	-
102-28	Evaluating the highest governance body's performance	33-34, 80	Further details on corporate governance section.
102-29	Identifying and managing economic, environmental, and social impacts	45, 80, 83	-
102-30	Effectiveness of risk management processes	38-42, 80	Further details on corporate governance section.
102-31	Review of economic, environmental, and social topics	83	-
102-32	Highest governance body's role in sustainability reporting	79	-
102-33	Communicating critical concerns	30-31, 41-45, 81	Further details on corporate governance section.
102-34	Nature and total number of critical concerns	30-31, 41-45, 81	Further details on corporate governance section.
102-35	Remuneration policies	34	Further details on corporate governance section.
102-36	Process for determining remuneration	34-37	Further details on corporate governance section.
102-37	Stakeholders' involvement in remuneration	34-37, 45	Further details on corporate governance section.
102-38	Annual total compensation ratio		No compensation was paid or is to be paid in the form of share options.
102-39	Percentage increase in annual total compensation ratio		However, this does not rule out the possibility of the Manager doing so in the future.

Index	GRI Disclosure	Page Number(s)	Remark(s)
<b>STAKEHOLDER ENGAGEMENT</b>			
102-40	List of stakeholder groups	83	-
102-41	Collective bargaining agreements	Not applicable.	
102-42	Identifying and selecting stakeholders	83	-
102-43	Approach to stakeholder engagement	45, 83	-
102-44	Key topics and concerns raised	83	-
<b>REPORTING PRACTICE</b>			
102-45	Entities included in the consolidated financial statements	117	Further details on financial statements section.
102-46	Defining report content and topic Boundaries	83-84	-
102-47	List of material topics	83-84	-
102-48	Restatements of information	No restatements were observed.	
102-49	Changes in reporting	No major changes were observed.	
102-50	Reporting period	79	-
102-51	Date of most recent report	79	The most recent Sustainability Report was published in April 2021.
102-52	Reporting cycle	79	-
102-53	Contact point for questions regarding the report	79	-
102-54	Claims of reporting in accordance with the GRI Standards	79	-
102-55	GRI content index	97-100	-
102-56	External assurance	79	-



# SUSTAINABILITY REPORT

## MANAGEMENT APPROACH AND SPECIFIC DISCLOSURES [102-55]

Index	GRI Disclosure	Page Number(s)	Remark(s)
<b>CATEGORY: ECONOMIC</b>			
<b>Economic Performance and Market Presence</b>			
103-1,2,3	Management Approach	39-42, 106	Further details on corporate governance and financial statements section.
201-1	Direct economic value generated and distributed	03-05, 109-116	Further details on key highlights, year at a glance, and financial statements section.
202-2	Proportion of senior management hired from the local community	88	-
<b>CATEGORY: ENVIRONMENT</b>			
<b>Energy</b>			
103-1,2,3	Management Approach	85-86	-
302-1	Energy consumption within the organisation	86	-
302-3	Energy intensity	86	-
<b>Water</b>			
103-1,2,3	Management Approach	87	-
303-3	Water withdrawal	87	-
303-5	Water consumption	87	-
<b>Water (Construction and Real Estate Sector Disclosures)</b>			
G4-CRE2	Building water intensity	87	-
<b>Emission</b>			
103-1,2,3	Management Approach	85-86	-
305-2	Energy indirect (Scope 2) GHG emissions	86	-
<b>CATEGORY: SOCIAL</b>			
<b>Training and Education</b>			
103-1,2,3	Management Approach	88-89	-
404-1	Average hours of training per year per employee	89	-
404-3	Percentage of employees receiving regular performance and career development reviews	88	-
<b>Local Communities</b>			
103-1,2,3	Management Approach	90	-
413-1	Operations with local community engagement, impact assessments, and development programmes	90-96	-